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LISTING STATEMENT No. 2253

LISTED MARCH 23, 1967
796,795 common shares without par value, of which 5,400 are subject to issuance.
Ticker abbreviation "PCL"
Dial ticker number 1998
Post section 8.3

See

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

PHILLIPS CABLES LIMITED

Incorporated under the Laws of Canada by
Letters Patent dated March 2, 1953.

COMMON SHARES WITHOUT NOMINAL OR PAR VALUE
(Transferable in Toronto and Montreal)

Capitalization as at February 16, 1967

SHARE CAPITAL

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares Without Nominal or Par Value	1,000,000	791,395	796,795*
*Of which 5,400 are subject to issuance.			

FUNDED DEBT

Sinking Fund Bonds, Series A	\$6,500,000	\$6,500,000
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February 16, 1967

1. APPLICATION

Phillips Cables Limited (hereinafter called "the Company") hereby makes application for the listing on The Toronto Stock Exchange of 796,795 common shares without par value in the capital stock of the Company, of which 791,395 have been issued and are outstanding as fully paid and non-assessable. The remaining 5,400 common shares included in this application have been reserved as follows:

Employees' stock options at \$20 per share expiring April 30, 1970	400
Reserved for employees' stock options which may be granted on or before April 30, 1970	5,000
	<u>5,400</u>

2. HISTORY AND INCORPORATION

The Company was incorporated under the Laws of Canada by Letters Patent dated March 2, 1953, as Phillips Electrical Company (1953) Limited with an authorized capital of 750,000 shares without nominal or par value, to acquire the rod, wire and cable business of Phillips Electrical Works Limited, which business was established in 1889.

By Supplementary Letters Patent dated March 4, 1954, the authorized capital of the Company was increased to 1,000,000 shares without nominal or par value.

By Supplementary Letters Patent dated May 2, 1955, the name of the Company was changed to Phillips Electrical Company Limited.

By further Supplementary Letters Patent dated November 12, 1964, the name of the Company was changed to Phillips Cables Limited.

3.

NATURE OF BUSINESS

The Company is engaged in the manufacture and marketing of a wide range of electrical wires and cables used in the transmission and distribution of electrical energy for both power and communication purposes. The Company owns three manufacturing plants located at Brockville, Ontario, Montreal, Quebec, and Vancouver, British Columbia. It leases a fourth plant at Dartmouth, Nova Scotia, which it has the right to purchase at the expiration of the lease. The Company's wholly-owned subsidiary, Phillips Cables (Western) Limited, owns a manufacturing plant at Sentinel, Alberta. The Company has as well offices and warehouses across Canada.

The Company employs over 1,455 plant, office and sales personnel and its operations include the rolling of copper and the drawing and processing of copper and aluminum and the manufacture of paper, rubber, thermoplastic and other insulated wires and cables, telecommunication wires and cables and enamel, synthetic and other covered wires. Its products include, amongst others, wires and cables for use in residential, commercial and industrial construction, magnetic wires for use in the manufacture of electrical instruments and meters, transformers, motors and generators, communication wires and cables for use in radio, telephone and signal systems and power cables for use in the distribution and transmission of electrical energy.

4.

SHARE ISSUES SINCE INCORPORATION

DATE OF ISSUE	No. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Mar. 23/53	300,000	\$10.00	\$3,000,000	Incorporators' Share and Private Subscription
Apr. 30/54	100,000	9.25	925,000	Expansion of Company Business
Nov. 19/54 to June 1955	200,000	10.00	2,000,000	Expansion of Company Business
1956	14,896	15.00	223,440	Conversion of Convertible Debentures
1957	100	15.00	1,500	Conversion of Convertible Debentures
1964	25,500	7.00	178,500	Exercise of Employees Stock Options
1965	2,500	7.00	17,500	Exercise of Employees Stock Options
1965	4,050	20.00	81,000	Exercise of Employees Stock Options
Mar./66	12,550	20.00	251,000	Exercise of Employees Stock Options
Apr./66	131,799	23.00	3,031,377	Rights Issue to existing shareholders to finance plant expansion program

5.

STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders. There are no shares other than common shares.

6.

DIVIDEND RECORD

	DATE		RATE	AMOUNT
1956	March 31		12½ ¢	\$ 75,000.44
	June 30		12½ ¢	75,408.69
	September 29		12½ ¢	75,912.70
	December 31		12½ ¢	76,862.46
1957	March 20		12½ ¢	76,862.46
	June 28		12½ ¢	76,862.44
	September 30		12½ ¢	76,862.44
	December 31		12½ ¢	76,874.94
1964	April 1		12½ ¢	77,937.79
	July 1		12½ ¢	79,524.82
	October 1		12½ ¢	79,737.32
1965	January 1		12½ ¢	80,062.29
	April 1		15 ¢	96,449.40
	July 1		15 ¢	96,449.40
	October 1		15 ¢	96,719.40
1966	January 1		15 ¢	96,756.90
	April 1		20 ¢	131,849.20
			+ 5 ¢	32,962.30
	July 1		20 ¢	158,209.00
	October 1		20 ¢	158,259.00
1967	January 1		25 ¢ + 20¢	356,127.75

7.

RECORD OF PROPERTIES

The Company owns three manufacturing plants located at Brockville, Ontario, Montreal, Quebec, and Vancouver, British Columbia, and leases a fourth plant at Dartmouth, Nova Scotia, which it has the right to purchase at the expiration of the lease. The four plants are constructed of brick and re-inforced concrete, are located on lands having an aggregate area of 153 acres and have an aggregate plant area of 601,000 square feet. The Company also owns a plant having a floor area of 53,000 square feet located on a fifty-acre area at Sentinel, Alberta, which, in order to take full advantage of the tax and other incentives offered under the program of the Canadian Department of Industry, the Company leases to its wholly-owned subsidiary, Phillips Cables (Western) Limited.

The Company's plants are subject to the specific mortgage and charge contained in a Deed of Trust and Mortgage made between the Company and Montreal Trust Company, as Trustee, bearing formal date of February 1, 1965, securing an issue of \$6,500,000 principal amount of 5¾ % First Mortgage Sinking Fund Bonds, Series A, issued by the Company.

8. SUBSIDIARY COMPANIES

The Company has two subsidiary or controlled companies—

PHILLIPS CABLES (WESTERN) LIMITED — A private company incorporated by Letters Patent of Canada dated November 6, 1964, with an authorized capital stock of 100,000 shares without nominal or par value. 100,000 shares have been subscribed for and allotted to the Company. Phillips Cables (Western) Limited manufactures a range of insulated wires and cables at the plant at Sentinel, Alberta, referred to in Section 7 above.

PHILLIPS ELECTRICAL CONSTRUCTION COMPANY LIMITED — A private company incorporated by Letters Patent dated November 15, 1956, with an authorized capital of 10,000 shares without nominal or par value. 1,000 shares have been issued and are outstanding, of which 600 are owned by the Company and 400 shares are owned by British Insulated Callender's Construction Co. Ltd. of London, England. This controlled subsidiary is not active at the present time.

The Company also holds 2,000 shares in the capital stock of Phillips-CBA Conductors Limited, a company incorporated by Letters Patent dated July 9, 1958, under the Corporations Act 1953 of Ontario. The Company's holding represents 50% of the issued and outstanding stock of this affiliated company. This company purchases aluminum ingot which is fabricated into rods by an independent rod manufacturer and sold to the Company.

9. FUNDED DEBT

The Company's funded debt consists of:

(a) Description of issue	AGGREGATE AMOUNT AUTHORIZED	PRINCIPAL AMOUNT OUTSTANDING	MATURITY DATE	INTEREST DATES
5¾ % First Mortgage Sinking Fund Bonds Series A	\$6,500,000	\$6,500,000	February 1, 1985	February 1 and August 1

(b) Redemption

The 5¾ % First Mortgage Sinking Fund Bonds, Series A are redeemable by the Company otherwise than out of sinking fund moneys at its option in whole at any time or in part from time to time before maturity at prices equal to the principal amount thereof plus a premium of 4¾ % of such principal amount if redeemed on or before February 1, 1968, the premium thereafter decreasing .3 of 1% of such principal amount for each year commenced or elapsed up to and including February 1, 1983, and thereafter and prior to maturity, at the principal amount thereof, together in each case with accrued and unpaid interest to the date specified for redemption.

The 5¾ % First Mortgage Sinking Fund Bonds, Series A, are redeemable by the Company through a sinking fund calculated to retire, prior to maturity, \$4,700,000 principal amount. Sinking fund payments required by the Deed of Trust and Mortgage to be paid by the Company to the Trustee on or before February 1 in each of the following years are such amounts as shall then be sufficient to retire the principal amount of the Series A Bonds set out opposite each such year—

Year of Payment	Principal Amount
1968	\$150,000
1969	200,000
1970	250,000
1971	275,000
1972	275,000
1973	275,000
1974	275,000
1975	300,000
1976	300,000
1977	300,000
1978	300,000
1979	300,000
1980	300,000
1981	300,000
1982	300,000
1983	300,000
1984	300,000
	<u>\$4,700,000</u>

(c) Security

The 5¾ % First Mortgage Sinking Fund Bonds, Series A, in the opinion of counsel, are secured by—

- (i) a fixed and specific first mortgage, hypothec, pledge and charge of and on all real and immoveable property, whether freehold or leasehold (as defined in the Trust Deed) and upon all fixed machinery, plant, equipment and other fixed assets then owned by the Company; and
- (ii) a first floating charge under the laws of British Columbia, Alberta, Ontario, Quebec and Nova Scotia on the undertaking of the Company and all its property and assets other than the specifically mortgaged property. The charge of the Trust Deed extends not only to assets owned by the Company on the date of execution of the Trust Deed but also to assets thereafter acquired.

(d) Additional Bonds

The Trust Deed provides that additional First Mortgage Bonds of one or more series, other than Series A, may be issued, but only up to 60% of the lesser of cost or fair value of additional property acquired or constructed by the Company subsequent to February 1, 1965, and made subject to the lien of the Trust Deed, but no such additional Bonds may at any time be issued unless the average annual net earnings of the Company (after depreciation, but before interest on funded obligations and taxes on income) for the two completed fiscal years of the Company immediately preceding the request for certification of such additional First Mortgage Bonds shall have been not less than two and one-half times the maximum annual interest charges of all funded obligations to be outstanding after giving effect to the proposed issue. The Trust Deed also provides that additional First Mortgage Bonds may be issued in anticipation of the acquisition of additional property, subject to similar restrictions and to the further condition that, upon such issue, there shall be deposited with the Trustee a sum of money equal to the principal amount of the additional Bonds then to be so issued. The Trust Deed also provides that moneys so deposited with the Trustee may be repaid to the Company from time to time to the extent of the lesser of 60% of the cost or the fair value of additional property subsequently acquired or constructed by the Company or, where such additional property is under construction, to the extent of 60% of progress payments made to contractors.

(e) Covenants by Company

In the Trust Deed the Company has covenanted that, so long as any Series A Bonds remain outstanding, the Company will not:

- (i) declare or pay any dividends (other than stock dividends) on, or declare or make any other distribution in respect of, shares of its capital stock, now or hereafter outstanding; or redeem, retire, purchase or otherwise acquire for a consideration (except out of the net proceeds of a sale for refunding purposes of shares of the capital stock of the Company or except solely in exchange for shares of the capital stock of the Company) any share of any class of the capital stock of the Company now or hereafter outstanding; or make any capital investments unless, in every such case, after giving effect thereto the net current assets of the Company shall be at least equal to the lesser of \$3,000,000 or 50% of all funded obligations outstanding;
- (ii) issue or become liable upon any funded obligations having a stated maturity date prior to February 1, 1985, other than obligations maturing serially;
- (iii) issue or become liable upon any funded obligations or obligations maturing serially requiring mandatory sinking fund payments or serial retirements proportionately greater in any year with reference to the total principal amount thereof to be issued or assumed than the sinking fund payment required to be made in such year in respect of the Series A Bonds is with reference to the principal amount thereof then outstanding unless the annual sinking fund payments required to be made in respect of the Series A Bonds are first increased to at least the same proportionate amount.

Provided that nothing contained in the Trust Deed will prevent the Company from creating, assuming or becoming liable upon purchase money mortgages on property acquired by the Company subsequent to February 1, 1965, in amounts not exceeding the lesser of the cost or fair value of the property affected provided that the aggregate principal amount secured by all such purchase money mortgages shall not at any one time exceed \$650,000.

10. OPTIONS, UNDERWRITINGS, ETC.

The Company has granted to certain of its employees an option to purchase expiring April 30, 1970, 400 common shares in the capital stock of the Company at \$20 per share. A further 5,000 common shares in the capital stock of the Company are reserved for stock options to be granted under the Company's incentive stock option plan on or before April 30, 1970.

There are no other outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued shares. There are no issued shares of the Company held for the benefit of the Company. No shares in the capital stock of the Company are, to the knowledge of the officers and directors of the Company, held in escrow.

11. LISTING ON OTHER STOCK EXCHANGES

The common shares in the capital stock of the Company are listed on the Montreal Stock Exchange, being initially admitted to the list of that Exchange on July 26, 1965. No other securities of the Company are listed on any other Stock Exchange.

12. STATUS UNDER SECURITY ACTS

In connection with the issue by the Company on or about March 15, 1966, to its then existing shareholders of subscription warrants evidencing right to subscribe for shares of the Company, pursuant to which the shareholders of the Company (other than those resident in the United States of America, its Territories or Possessions) were entitled to subscribe for one share of the Company at the price of \$23 for each five rights held by them, applications were made to The Ontario Securities Commission, the Quebec Securities Commission, the Superintendent of Brokers of British Columbia, the Securities Commission of Alberta, the Public Utilities Board of Manitoba and the Administrator under the Security Frauds Prevention Act of New Brunswick. All of the foregoing Commissions and Authorities ruled that no Prospectus or registration was required under their respective Acts. Full particulars of the proposed issue were filed with each Commission or Authority.

13. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

14.

ANNUAL MEETING

The by-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company, or elsewhere in Canada, on such date in each year as the Board of Directors may determine from time to time. The last annual meeting was held at the Company's head office at Brockville, Ontario, on April 22, 1966.

15.

HEAD AND OTHER OFFICES

The head office is located at King Street West, Brockville, Ontario. The Company has other offices at—

Woodside Industrial Park
5795 De Gaspe Avenue
P.O. Box 219
8330 Chester Street

Dartmouth, N.S.
Montreal, Que.
Coleman, Alta.
Vancouver, B.C.

Sales Offices

Woodside Industrial Park
620 Dorchester Blvd. West, Suite 825
56 Sparks Street
King Street West
26 Hollinger Road
540 Woodward Avenue
1236 Sargent Avenue
1335 Wallace Street
14733 - 123rd Ave.
8330 Chester Street

Dartmouth, N.S.
Montreal, Que.
Ottawa, Ont.
Brockville, Ont.
Toronto 16, Ont.
Hamilton, Ont.
Winnipeg, Man.
Regina, Sask.
Edmonton, Alta.
Vancouver, B.C.

16.

TRANSFER AGENT

The Transfer Agent of the Company is National Trust Company, Limited at its offices, 21 King Street East in the City of Toronto and 225 St. James Street West, Montreal, Quebec. The share certificates of the Company are interchangeable at both offices.

17.

TRANSFER FEE

No fee is charged on stock transfers other than the customary Stock Transfer Taxes.

18.

REGISTRAR

The Registrar of the Company is National Trust Company, Limited at its offices 21 King Street East, Toronto, Ontario, and 225 St. James Street West, Montreal, Quebec.

19.

AUDITORS

The auditors of the Company are Riddell, Stead, Graham & Hutchison, Chartered Accountants, 630 Dorchester Boulevard West, Montreal, Quebec.

20.

OFFICERS

The officers of the Company are—

NAME	OFFICE	HOME ADDRESS	OCCUPATION DURING LAST FIVE YEARS
Arthur Starratt Torrey	Chairman	3468 Drummond Street Montreal, P.Q.	Investment Dealer Pitfield, McKay & Co. Ltd. Montreal, P.Q.
William Fraser	Vice-Chairman	Fenwick Lodge Ewenfield Road Ayr, Scotland	Managing Director (Overseas) British Insulated Callender's Cables Limited London, England
Thomas Alfred Lindsay	President	213 King Street East Brockville, Ont.	Professional Engineer and President of Company since 1955
John Richardson Philips	Vice-President	20 Sherwood Street Brockville, Ont.	Chartered Accountant and Vice-President since 1953.
James Everett Thomas	Vice-President	24 Cochrane Drive Brockville, Ont.	Professional Engineer and Vice-President of Company since 1961.
John Stanley Waddington	Vice-President	5 Hardy Crescent Brockville, Ont.	Professional Engineer and Vice-President since 1961.
Mervyn Frederick William Greene	Secretary-Treasurer	293 King Street East Brockville, Ont.	Accountant, employed by Company since 1944.
Richard Biddell Wolton	Assistant-Treasurer	127 Church Street Brockville, Ont.	Accountant, employed by Company since 1956.
Edward William Reynolds	Assistant-Secretary	64 Brookview Place Brockville, Ont.	Accountant, employed by Company since 1957.

The directors of the Company are—

NAME	ADDRESS	OCCUPATION DURING LAST FIVE YEARS
Air-Marshal Hugh Campbell	155 Acacia Avenue Rockcliffe Park Ottawa 2, Canada	Royal Canadian Air Force (Retired); Executive C.A.E. Industries Limited Montreal, P.Q.
William James John Curry	Home Close Bradcutts Lane Cookham Dean Berks, England	Executive Director British Insulated Callender's Cables Limited London, England
James Keith Davis	11 Half Mile Road Darien, Conn., 06820 U.S.A.	Executive General Cable Corporation New York, N.Y.
A. Leon Fergenson	7 Meadow Place Larchmont, N.Y.	Executive, General Cable Corporation New York, N.Y.
William Fraser	Fenwick Lodge Ewenfield Road Ayr, Scotland	Managing Director (Overseas) British Insulated Callender's Cables Limited London, England
Gérard Gingras	5175 Hingston Avenue Montreal, P.Q.	Chairman of the Board Société de Placements Ltée., Montreal, P.Q.
Thomas Alfred Lindsay	213 King Street East Brockville, Ont.	Professional Engineer and President of Company since 1955
James Everett Thomas	24 Cochrane Drive Brockville, Ont.	Professional Engineer and Vice-President of Company since 1961
Arthur Starratt Torrey	3468 Drummond Street Montreal, P.Q.	Investment Dealer, Pitfield, McKay & Co. Ltd. Montreal, P.Q.
John Stanley Waddington	5 Hardy Crescent Brockville, Ont.	Professional Engineer and Vice-President since 1961
Ralph H. Waddington	190 East 72nd Street New York, N.Y.	Professional Engineer and Sr. Vice-President of International Nickel Company

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, PHILLIPS CABLES LIMITED hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



PHILLIPS CABLES LIMITED

"J. R. PHILIPS," Vice-President

"M. F. W. GREENE," Secretary-Treasurer

DISTRIBUTION OF CAPITAL STOCK AS OF FEBRUARY 15, 1967

Number		Shares	
75	Holders of 1 — 24 share lots	804	
203	" " 25 — 99 " "	9,270	
145	" " 100 — 199 " "	16,983	
66	" " 200 — 299 " "	15,149	
29	" " 300 — 399 " "	9,266	
15	" " 400 — 499 " "	6,660	
27	" " 500 — 999 " "	15,985	
31	" " 1000 — up " "	717,278	
591	Shareholders	Total shares	791,395

FINANCIAL STATEMENTS

PHILLIPS CABLES LIMITED
and wholly-owned subsidiary

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1966

ASSETS

	1966	1965
CURRENT ASSETS		
Cash	\$ 28,181	\$ 21,673
Accounts receivable	6,768,059	6,390,480
Inventories — at cost	16,382,533	11,587,428
Prepaid expenses	84,028	61,164
	<u>23,262,801</u>	<u>18,060,745</u>
SPECIAL REFUNDABLE TAX	162,893	
INVESTMENTS — at cost		
Partially-owned subsidiary — shares	6,000	6,000
Other — unquoted	20,000	20,000
	<u>26,000</u>	<u>26,000</u>
FIXED ASSETS		
Land — at cost	332,374	332,374
Buildings at cost, less accumulated depreciation \$1,434,930 (1965 — \$1,285,291)	3,821,786	3,969,221
Machinery at cost, less accumulated depreciation \$9,010,239 (1965 — \$8,273,564)	3,995,294	4,355,184
Construction in progress — at cost	3,172,761	284,234
	<u>11,322,215</u>	<u>8,941,013</u>
UNAMORTIZED BOND DISCOUNT	146,927	155,052
	<u>\$34,920,836</u>	<u>\$27,182,810</u>

LIABILITIES

	1966	1965
CURRENT LIABILITIES		
Bank indebtedness	\$ 974,745	\$ 1,994,977
Accounts payable and accrued liabilities including \$148,015 due to affiliates (1965 — \$174,278)	6,220,813	4,423,043
Taxes payable	1,645,547	1,959,169
Dividend payable	356,128	96,757
Deposits held for returnable containers	1,232,756	1,107,787
	<u>10,429,989</u>	<u>9,581,733</u>
5¾ % FIRST MORTGAGE SINKING FUND BONDS SERIES A due February 1, 1985 (Note 1)	6,500,000	6,500,000
DEFERRED INCOME TAXES	1,193,000	627,000

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 2)		
Authorized — 1,000,000 shares without nominal or par value		
Issued — 791,395 shares (1965 — 647,046)	9,709,317	6,426,940
EARNED SURPLUS	6,488,530	3,787,137
GENERAL RESERVE (Note 3)	600,000	260,000
	<u>16,797,847</u>	<u>10,474,077</u>
	<u>\$34,920,836</u>	<u>\$27,182,810</u>

Notes to consolidated financial statements are an integral part of this statement.

Approved on behalf of the Board:

“T. A. LINDSAY”, Director

“GERARD GINGRAS”, Director

PHILLIPS CABLES LIMITED

and wholly-owned subsidiary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1966

	1966	1965
Sales	\$59,415,203	\$44,489,344
Cost of sales, selling and administrative expenses	50,281,983	38,072,147
Depreciation	1,209,898	1,037,664
Bond and debenture interest and discount	381,875	423,903
Directors' remuneration	137,646	113,531
	<u>52,011,402</u>	<u>39,647,245</u>
Profit before income taxes	7,403,801	4,842,099
Provision for income taxes (Note 4)		
Taxes payable for the year	2,959,000	2,911,000
Transfer to (from) deferred income taxes	566,000	(268,000)
	<u>3,525,000</u>	<u>2,643,000</u>
Net profit	<u>\$ 3,878,801</u>	<u>\$ 2,199,099</u>

CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1966

	1966	1965
Balance at January 1	\$3,787,137	\$2,114,412
Net profit for the year	3,878,801	2,199,099
	<u>7,665,938</u>	<u>4,313,511</u>
Deduct:		
Dividends	837,408	386,374
Transfer to general reserve (Note 3)	340,000	140,000
	<u>1,177,408</u>	<u>526,374</u>
Balance at December 31	<u>\$6,488,530</u>	<u>\$3,787,137</u>

PHILLIPS CABLES LIMITED

and wholly-owned subsidiary

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1966

Source of funds		
Net profit		\$3,878,801
Charges not requiring expenditure of funds:		
Depreciation and net book value of assets retired	\$1,344,528	
Amortization of bond discount	8,125	
Deferred income taxes	566,000	1,918,653
Funds provided from operations		<u>5,797,454</u>
Issue of capital stock		<u>3,282,377</u>
		<u>9,079,831</u>
Application of funds		
Investment in fixed assets	3,725,730	
Special refundable tax	162,893	
Dividends	837,408	4,726,031
Increase in working capital		<u>\$4,353,800</u>

Notes to consolidated financial statements are an integral part of these statements.

PHILLIPS CABLES LIMITED

AUDITORS' REPORT

To the Shareholders
Phillips Cables Limited

We have examined the accompanying consolidated financial statements of Phillips Cables Limited and its wholly-owned subsidiary for the year ended December 31, 1966 comprising the consolidated balance sheet as at that date and the consolidated statements of profit and loss, earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned statements present fairly the consolidated financial position of the companies as at December 31, 1966 and the results of their operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON

February 15, 1967.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1966

1. SINKING FUND REQUIREMENTS

Sinking fund payments sufficient to retire \$4,700,000 of the Series A bonds by February 1, 1984, are required to commence on February 1, 1968.

2. CAPITAL STOCK

During the year 131,799 shares were issued at \$23 per share under the terms of a rights offering. 12,550 shares were issued at \$20 per share on the exercise of options previously granted under the incentive stock option plan. Options of 400 shares are still outstanding exercisable at \$20 per share on or before April 30, 1970.

3. GENERAL RESERVE

\$340,000 has been appropriated from surplus to provide, net of income taxes, for fluctuations in inventory values.

4. INCOME TAXES

The profits of the wholly-owned subsidiary included in the consolidated profits are exempt from income taxes in accordance with the provisions of Section 71A of the Income Tax Act. The period of exemption ends February 28, 1969.

5. PENSION PLANS

The unfunded actuarial liability for past service of the employees' pension plans as at December 31, 1965, was \$2,144,000. During the year the Company made payments of \$142,500 in addition to the annual payments recommended by the actuaries to amortize this liability over a period of 23 years from that date.

The normal retirement age of hourly paid employees at the Brockville and Montreal factories will be reduced to 65 from 70 effective December 1967.

6. COMMITMENTS

Commitments for capital expenditure not provided for in the accounts amount to \$4,150,000. The company has subscribed for and been allotted 48,000 common shares of an associated company at a price of \$10 per share, the payment for which is on the basis of if, as and when issued.

AUDITORS' REPORT

To The Directors
Phillips Cables Limited

We have examined the consolidated statements of profit and loss and earned surplus of Phillips Cables Limited and wholly-owned subsidiary for the five years ended December 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of profit and loss and earned surplus, when read in conjunction with the notes appended thereto, present fairly the consolidated results of the operations of the company and its wholly-owned subsidiary for the five years ended December 31, 1966, in accordance with generally accepted accounting principles applied on a consistent basis.

RIDDELL, STEAD, GRAHAM & HUTCHISON

Montreal, February 15, 1967

PHILLIPS CABLES LIMITED
and wholly-owned subsidiary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE FIVE YEARS ENDED DECEMBER 31, 1966

	1966	1965	1964	1963	1962
Sales	\$59,415,203	\$44,489,344	\$37,643,147	\$33,984,844	\$30,990,512
Cost of sales, selling and administrative expenses	50,281,983	38,072,147	33,039,074	31,503,248	28,967,152
Depreciation	1,209,898	1,037,664	1,124,235	994,310	983,464
Non-recurring expense (income)	—	—	(24,952)	—	51,500
Bond and debenture interest	373,750	416,455	302,895	331,406	366,542
Bond and debenture discount, expense and premium on redemption	8,125	7,448	222,267	24,969	27,673
Directors' remuneration	137,646	113,531	91,550	91,827	86,100
Profit before income taxes	52,011,402	39,647,245	34,755,069	32,945,760	30,482,431
Provision for income taxes	7,403,801	4,842,099	2,888,078	1,039,084	508,081
Taxes payable for the year	2,959,000	2,911,000	1,727,000	629,953	—
Transfer to (from) deferred income taxes	566,000	(268,000)	(163,080)	(100,953)	14,000
	3,525,000	2,643,000	1,563,920	529,000	14,000
Net profit	\$ 3,878,801	\$ 2,199,099	\$ 1,324,158	\$ 510,084	\$ 494,081

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CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE FIVE YEARS ENDED DECEMBER 31, 1966

Balance at January 1	\$ 3,787,137	\$ 2,114,412	\$ 1,227,515	\$ 717,431	\$ 223,350
Net profit for the year	3,878,801	2,199,099	1,324,158	510,084	494,081
	7,665,938	4,313,511	2,551,673	1,227,515	717,431
Dividends	837,408	386,374	317,261	—	—
Transfer to General Reserve	340,000	140,000	120,000	—	—
	1,177,408	526,374	437,261	—	—
Balance at December 31	\$ 6,488,530	\$ 3,787,137	\$ 2,114,412	\$ 1,227,515	\$ 717,431

Notes to consolidated statements of profit and loss and earned surplus for the five years ended December 31, 1966, are an integral part of these statements.

NOTES TO CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE FIVE YEARS ENDED DECEMBER 31, 1966

1. The accompanying statements of profit and loss for the years 1962 to 1964 inclusive and the earned surplus for 1964 have been restated to conform with the requirements of the Canada Corporations Act as amended in 1965.
2. The wholly-owned subsidiary commenced operations in 1965 and, accordingly, the accompanying statement of profit and loss for the years prior to 1965 shows the results of operations of Phillips Cables Limited only.
The profits of the wholly-owned subsidiary included in the consolidated profits of the year 1966 are exempt from income taxes in accordance with the provisions of Section 71A of the Income Tax Act. The period of exemption ends February 28, 1969.
3. The deferred credit method of accounting for income taxes has been employed by the company.
No income taxes were payable on the profits of the year 1962 as the taxable income of that year was eliminated by the application of losses incurred in previous years and by the company claiming capital cost allowances in excess of the depreciation recorded in the accounts for the year.

TORONTO STOCK EXCHANGE

TORONTO

BULLETIN NO. 6304

March 21, 1967.

NEW LISTING

PHILLIPS CABLES LIMITED

Application has been granted to list 796,795 common shares without par value of the Company, of which 5,400 shares are subject to issuance and the shares will be posted for trading at the opening on Thursday, March 23rd. Ticker abbreviation "PCL"; Post Section 8.3; Dial Ticker No. 1992.

Listing Statement No. 2253 is being prepared and will be available soon. The following is some of the information that will be included in the Listing Statement:

Incorporated - under the laws of Canada by Letters Patent dated March 2, 1953.

Head Office - King Street West, Brockville, Ontario.

Nature of Business - The Company is engaged in the manufacture and marketing of a wide range of electrical wires and cables used in the transmission and distribution of electrical energy for both power and communication purposes.

Transfer Agent and Registrar - National Trust Company Limited, Toronto and Montreal

Officers -

Chairman	- A. S. Torrey, Montreal, Que., Investment Dealer
Vice-Chairman	- William Fraser, Ayr, Scotland, Managing Director (Overseas) British Insulated Callender's Cables Limited, London, England
President	- T. A. Lindsay, Brockville, Ont., Prof. Engineer
Vice-President	- J. R. Philips, Brockville, Ont., C. A.
Vice-President	- J. E. Thomas, Brockville, Ont., Prof. Engineer
Vice-President	- J. S. Waddington, Brockville, Ont., Prof. Engineer
Secretary-Treasurer	- M. F. W. Greene, Brockville, Ont., Accountant
Assistant Treasurer	- R. B. Wolton, Brockville, Ont., Accountant
Assistant Secretary	- E. W. Reynolds, Brockville, Ont., Accountant

Directors - A. S. Torrey, William Fraser, T. A. Lindsay, J. E. Thomas, J.S.Waddington and the following:

Air-Marshal Hugh Campbell, Ottawa, Ont., R.C.A.F. (Retired) Executive
C.A.E. Industries Limited
W. J. J. Curry, England, Executive Director, British Insulated
Callender's Cables Limited, England
J. K. Davis, Darien, Conn. U.S.A., Executive, General Cable Corp., N.Y.
A. L. Fergenson, Larchmont, N.Y., Executive, General Cable Corp.
Gerard Gingras, Montreal, Que., Chairman of the Board, Societe de
Placements Ltée., Montreal, Que.
R. H. Waddington, New York, U.S.A., Prof. Engineer and Sr. Vice-
President of International Nickel Company

Capitalization - as at February 16, 1967.

<u>Share Capital</u>	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To Be Listed</u>
Common Shares without nominal or par value	1,000,000	791,395	796,795*

*of which 5,400 are subject to issuance under the Company's
incentive stock option plan for employees

Funded Debt

Sinking Fund Bonds Series "A"	\$6,500,000	\$6,500,000
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Options - The Company has granted to certain of its employees an option to purchase expiring April 30, 1970, 400 common shares at \$20 a share. A further 5,000 common shares are reserved for stock options to be granted under the Company's Incentive Stock Option Plan on or before April 30, 1970.

<u>Earnings -</u>		<u>Net Profit</u>
	1962	- \$ 494,081
	1963	- 510,084
	1964	- 1,324,158
	1965	- 2,199,099
	1966	- 3,878,301

<u>Dividends -</u>	<u>Date</u>	<u>Rate</u>
	1956	
	Mar. 31	12½¢
	June 30	12½¢
	Sept. 29	12½¢
	Dec. 31	12½¢
	1957	
	Mar. 20	12½¢
	June 28	12½¢
	Sept. 30	12½¢
	Dec. 31	12½¢
	1964	
	April 1	12½¢
	July 1	12½¢
	Oct. 1	12½¢
	1965	
	Jan. 1	12½¢
	April 1	15¢
	July 1	15¢
	Oct. 1	15¢
	1966	
	Jan. 1	15¢
	April 1	20¢ plus 5¢
	July 1	20¢
	Oct. 1	20¢
	1967	
	Jan. 1	25¢ plus 20¢

Listings on Other Exchanges

The shares of Phillips Cables Limited are listed on the Montreal Stock Exchange.

BY ORDER OF THE BOARD OF GOVERNORS

W. L. SOMERVILLE,
Executive Vice-President

